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CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

1202

OFFICE OF THE DEPUTY DIRECTOR (INTELLIGENCE)

24 MAY 1962

MEMORANDUM FOR: William H. Brubeck  
Executive Secretary  
Department of State

SUBJECT : Comments on "Indonesia: Department  
of State Guidelines for Policy and  
Operations, March 1962"

1. We find this paper takes a somewhat overoptimistic view of Indonesia. While it is generally accurate on the present situation, we believe it understates the potential dangers for the Free World in the as yet untested strength of the Indonesian Communists and in the growing leverage provided to the USSR by its economic and military aid programs. More particularly, we feel that the army's opposition to the Communists may gradually be undercut by these programs. Finally, we question whether a settlement of the West New Guinea dispute will have as favorable an effect on US-Indonesian relations as this Guideline implies.

2. Our specific comments are as follows:

a. On page 2, we would prefer a rewording of the final paragraph as follows: "Indonesia signed an agreement for major Soviet economic assistance in 1956 but did not ratify the agreement and receive assistance under it until early 1958. Its action at that time resulted from economic dislocations caused by the takeover of Dutch interests in late 1957 and early 1958 and from the regional insurrection that deprived the central government of substantial export proceeds. It probably was also intended to point out displeasure over what the Indonesian government believed to be the United States role in supporting the rebels. Always an advocate of an unaligned foreign policy, Indonesia has accepted increasing economic and military aid from the bloc since 1958 while continuing to approach Western governments for similar categories of assistance and materiel."  
(Final sentence the same.)

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b. We would suggest adding to the Background section (pp 4-9) a more specific explanation of the power picture in Indonesia--the interplay of Sukarno, the army, and the Communist party. Although these factors are, of course, dealt with in the paper, we feel a summation using all or some of the following material would be helpful.

"Sukarno, although still the one most important political factor in Indonesia, has become increasingly dependent on the army and the Communist Party, which he maintains in uneasy balance as a means of retaining his own position. He attained his preeminent position through his popularity--which to a considerable extent he still has--with the masses, particularly those on Java where over 60 percent of the nation's population is located. The army has exercised a strong political role since the 1957-58 period when Sukarno turned to it to help him impose "guided democracy" and when the provincial rebellion created the need for nationwide military government. The army holds two posts in the inner cabinet, holds or influences at least nine more in the larger (48-post) cabinet, and by virtue of the various states of emergency that exist throughout most of the country, is entrenched at every level of administration. The Communist party, which now claims 2 million members, like Sukarno draws its principal strength from Java; it has greatly benefited in terms of popular approval from its policy of supporting Sukarno and has also profited from support which he has given it in turn. Its major targets are labor and the peasantry, and it is substantially represented at all levels of government. During the March 1962 cabinet reshuffle, two Communist leaders were given ministerial rank but hold no portfolios; they participate only in plenary cabinet meetings which are seldom held."

c. The statement on page 5 that Sukarno has committed his personal prestige to the Indonesian Eight-Year Plan for Economic Development, although true in a limited sense, could be taken to mean that Sukarno must make the Eight-Year Plan work or he will be finished as a national leader, which is not true.

d. The reshuffled cabinet mentioned on page 5 despite appearances seems little changed in practice from the pre-March cabinet. The one important exception is, as mentioned in the Guideline, the portfolio of Higher Education.

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e. The effects of the December-April rice shortage have partially disproved the thesis that the rural population is cushioned from economic deterioration by the subsistence nature of the economy. Shortages of other foodstuffs and consumer goods are readily exploitable by the Communists who, however, direct most criticism at the army rather than at Sukarno. In view of the mismanagement involved in the rice situation, another shortage this year or next seems to be a possibility. While not posing a real crisis for the government, a second shortage would probably contribute to diminished prestige for Sukarno and would tend to discredit the army--both developments favorable to the Communist party.

f. On page 6, we question whether a statement that "the United States has remained neutral" in the West New Guinea dispute is accurately put. We would assume that the US Government, in attempting to settle the dispute by finding ways in which the territory can be transferred to Indonesia, has adopted the Indonesian view more than that of the Dutch. Perhaps a better way to express the US attitude would be to say: "This dispute, to which the US has actively encouraged a negotiated solution,..."

g. We suggest the advisability of redrafting the long paragraph running from page 7 to page 8 into at least three paragraphs which discuss the magnitude of the Soviet effort, the impact of Bloc military training, and the foundations for US counteraction. They should take account of the following points:

(1) We would prefer that the reference on page 7 to "United States government support of the armed rebellion of dissident groups in Sumatra and Celebes" be omitted in a paper likely to receive relatively wide distribution. The reference on page 2 as amended appears sufficient.

(2) If relations between Indonesians and the US deteriorate, the Indonesians may consider the Seventh Fleet more as a threat to their territorial aspirations than as a buffer between Indonesia and the Asian mainland.

(3) Indonesia's "Moslem suspicion of communism" (page 7) is a factor which carries little weight, especially since the dissolution of the Masjumi party.

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(4) The aid figures on pp 7-8 should be updated. Our information is that American economic aid in the period FY 1946-1961 totaled \$583.5 million compared with \$640 million extended to date by the Sino-Soviet Bloc. Starting in 1958, Indonesia has received approximately \$850 million in Sino-Soviet Bloc military grants and credits; approximately half of the arms purchased under these arrangements have been delivered.

(5) We believe that the scale of bloc military aid combined with extensive bloc training and the decline in our own training role inevitably will have a significant, long-range impact on the orientation of the officers' corps, especially at its junior level.

h. Line of Action A,2 (page 10) should be recast to read: Counter the Communist effort to project an image of the US as a colonial power and protector of colonial interests.

i. While we strongly endorse efforts to assist the army (pp 12-13), we suggest that they be made in the context of a fuller appraisal of bloc programs and Communist party activity. Although allusions are made to both, we would prefer the use of more specific material. Such treatment might result in the development of an increased and more precise program for use at both basic and top levels of Indonesia's military services.

j. We suggest further treatment of Chinese Communist activity and the Overseas Chinese. The Chinese are only mentioned in passing on page 14.

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RAY S. CLINE  
Deputy Director (Intelligence)

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